

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name LITTLEFIELD-ALANSON MANAGEMENT A	County EMMET
Fiscal Year End 12/31/05	Opinion Date 1/12/07	Date Audit Report Submitted to State 2/12/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

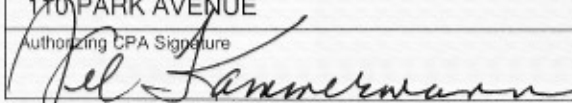
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) MASON & KAMMERMANN, P.C.		Telephone Number (231) 547-4911	
Street Address 110 PARK AVENUE		City CHARLEVOIX	State MI
Authorizing CPA Signature 		Printed Name VEL KAMMERMANN	Zip 49720
		License Number 1101012482	

LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY

ALANSON, MICHIGAN

FINANCIAL STATEMENTS

AND OTHER FINANCIAL INFORMATION

for the year ended December 31, 2005

MASON & KAMMERMANN, P.C.
110 PARK AVENUE
CHARLEVOIX, MICHIGAN 49720

Littlefield-Alanson Management Authority

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MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUGH E. MASON
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INDEPENDENT AUDITOR'S REPORT

January 12, 2007

Board of Trustees
Littlefield-Alanson Management Authority
Alanson, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Littlefield-Alanson Management Authority of Alanson, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Littlefield-Alanson Management Authority's governmental activities are not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Littlefield-Alanson Management Authority as of December 31, 2005, and changes in its financial position for the year then ended.

A handwritten signature in cursive script that reads "Mason & Kammermann, P.C.".

Mason & Kammermann, P.C.
Certified Public Accountants

Littlefield-Alanson Management Authority

Balance Sheet
December 31, 2005

ASSETS

Cash	\$ 7,739
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LIABILITIES AND FUND EQUITY

Liabilities, Accounts payable	\$ 1,024
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Fund balance, unreserved	6,715
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Total liabilities and fund equity	\$ 7,739
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The accompanying notes are a part of the financial statements.

Littlefield-Alanson Management Authority

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For The Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local contributions			
Littlefield Township	\$ 6,500	\$ 6,500	\$ -
Village of Alanson	6,500	6,500	-
Library	3,000	3,000	-
Fire Board	1,100	1,100	-
Rent	1,800	1,275	(525)
Interest	25	47	22
	<u>18,925</u>	<u>18,422</u>	<u>(503)</u>
Total Revenues	18,925	18,422	(503)
Expenditures:			
Contracted services	1,600	683	917
Professional services	1,350	1,320	30
Utilities	9,643	8,965	678
Garbage removal	1,115	942	173
Insurance	3,750	3,570	180
Repairs and maintenance	8,545	8,232	313
Miscellaneous	463	410	53
Capital outlay	-	2,407	(2,407)
	<u>26,466</u>	<u>26,529</u>	<u>(63)</u>
Total Expenditures	26,466	26,529	(63)
Excess (deficiency) of revenues over expenditures	(7,541)	(8,107)	(566)
Fund balance, January 1, 2005	<u>14,822</u>	<u>14,822</u>	<u>-</u>
Fund balance, December 31, 2005	<u>7,281</u>	<u>\$ 6,715</u>	<u>\$ (566)</u>

The accompanying notes are a part of the financial statements.

Littlefield-Alanson Management Authority

Notes to Financial Statements For The Year Ended December 31, 2005

Note 1 – Summary of Significant Accounting Policies

The Littlefield-Alanson Management Authority (LAMA) is organized and operates under the provisions of the Urban Cooperation Act of 1967 (MCLA 124.501 et. seq., M.S.A. 5.4088 et. seq.) The Authority is a body corporate under that statute having been organized pursuant to agreement of the Township of Littlefield, Emmet County, Michigan, and the Village of Alanson, Emmet County, Michigan, in accordance with the act. The Authority consists of two members, one appointed by each incorporating unit for an indefinite term. The broadly defined purpose of the Authority is to operate and maintain the joint Township and Village Hall located at 7631 Burr Avenue, Alanson, Michigan.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, the financial statements of the reporting entity may include component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

The financial statements of Littlefield-Alanson Management Authority pertain to the financial activities of the Authority as a separate entity. The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the Authority are organized on the fund basis. The operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The one fund of the Authority is accounted for as a general fund.

Governmental Fund

General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Littlefield-Alanson Management Authority

Notes to Financial Statements For The Year Ended December 31, 2005

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund of the Littlefield-Alanson Management Authority is accounted for using the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they become available and measurable. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded in the accounting period in which the fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recorded when due.

C. Long-term Obligations

As of December 31, 2005, the Authority has no outstanding long-term debt.

D. Use of Estimates

The Authority used estimates and assumptions in preparing financial statements in accordance with generally. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Note 2 – Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to January 1, the Authority submits to the Littlefield Township and the Village of Alanson a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the joint Township and Village Hall to obtain taxpayer comments.

Littlefield-Alanson Management Authority

Notes to Financial Statements For The Year Ended December 31, 2005

3. Prior to January 1, the budget is legally enacted.
4. The budget for the General Fund is adopted at the total fund level consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Authority Board during the year. All unexpended appropriations lapse at year end.

Excess of Expenditures over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.) provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. During the year, expenditures exceeded appropriations for the Authority by \$63. The Littlefield-Alanson Management Authority budgeted and actual expenditures for the funds budgeted have been shown on a function basis.

Accumulated Fund Deficits

The Littlefield-Alanson Management Authority had no funds with an accumulated fund balance/retained earnings deficit at December 31, 2005.

Note 3 – Cash

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits – At December 31, 2005, the carrying amount of the Authority's deposits was \$7,739.

Federal Depository Insurance – Of the above balances, the entire carrying amount was covered by federal depository insurance and U.S. Government guarantees. State statutes prohibit security in the form of collateral, surety bonds or another form to be taken for the deposit of public funds. The Authority may experience significant fluctuations in deposit balances during the year.

Littlefield-Alanson Management Authority

Notes to Financial Statements For The Year Ended December 31, 2005

Note 4 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Authority participates in a general insurance and worker's compensation program used by many municipalities in the state, the Michigan Township Participating Plan. The plan is supported by member premiums and reinsures through commercial companies. There has been no significant reductions in coverage from the prior year and settlements have not exceeded the coverage in the past three years.

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January 12, 2007

To the Board of Trustees
Littlefield-Alanson Management Authority

We have audited the financial statements of Littlefield-Alanson Management Authority for the year ended December 31, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Littlefield-Alanson Management Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. We will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Littlefield-Alanson Management Authority are described in Note 1 to the financial statements. The daily operations and recording transactions did not change significantly, however, the Authority is required to maintain additional records for the year-end adjustments to the final presentation format. We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Authority's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Authority, either individually or in the aggregate, indicate matters that could have a significant effect on the Authority's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Trustees and management of Littlefield-Alanson Management Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mason & Kammermann, P.C.

Mason & Kammermann, P.C.
Certified Public Accountants